

ESTER D. K. CHOW AND ASSOCIATES

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October 1, 2004

Carlito P. Caliboso, Chairman
Public Utilities Commission
Department of Budget and Finance
STATE OF HAWAII
465 S. King Street, Room 103
Honolulu, Hawaii 96813
Tel: (808) 586-2020
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Dear Mr. Caliboso,

I am writing this letter in response to your NOTICE OF PUBLIC HEARINGS, Docket No. 04-0140, the sale of Verizon Hawaii to The Carlyle Group.

I am opposed to the sale for the following reasons:

1. I feel that a public utility has a fiduciary obligation to maintain the public's trust and to render quality services with integrity and without violating ethical principles and the law. A telephone company should be run for the public's benefit and not for the sake of company profits.
2. I oppose the sale of Verizon Hawaii to The Carlyle Group, because of the Carlyle Group's long-held public reputation of crooked mismanagement and government payoffs. The Carlyle Group, like Enron, heavily donates to Congressional and Presidential campaign funds and thereby unduly influences legislation towards their own company's behalf at the expense of the public's good. This puts into question Carlyle's management practices and management style.
3. I am the owner of a Hawaii-based government-to-government conflict resolution firm and having a secure telephone line is very important in my business. I correspond with high-level government ministers, sometimes, on a daily basis. In 1990, my firm had successfully negotiated the withdrawal of Saddam Hussein's troops from Kuwait. This is something that was never publicized by our government or press. This matter of the Iraq War and the Bush administration's legal handling of this war still is a legal issue today. My testimony against President Bush may get him indicted as a war criminal, guilty of high treason for violations of the U.S. Constitution and for the deaths of 1.6 million Iraq citizens. Because the Carlyle Group is known to be good friends with the Bush administration, in the same vein like Enron, I do not trust them as the owners and managers of our local telephone company. A company's management, often times, determines the honesty and integrity of its employees. I have, on the other hand, received good phone service from Verizon and I trust these people with my very life. Communications originating out of my office telephone lines are of a private and confidential nature. Verizon provides quality service,

they pay their people well. I am a small business customer, who has, for the past six years, received excellent telephone service and reasonably good telephone security. If there are problems, Verizon employees take the time to look into the matter and provide me with answers as to what went wrong. Verizon employees do take the time to communicate with their customers and the level of service that they provide is exceptional! Without a government granted monopoly, they could never provide this kind of service to their business customers. In order for Carlyle to be profitable, they will have to cut service and get rid of employees. They will have to compel employee conduct and get rid of high priced employees. They will not be able to maintain a high level of professional service as Verizon currently does. Harsh internal competition for jobs and job security will not produce the best (most honest) employees!

The problem that Verizon is facing is that it is no longer profitable for it to operate our local telephone company. Changes in telephone rules and regulations allow for competition to enter the marketplace and to siphon marketshare away from Verizon. Verizon still needs to pay for the cost of maintaining our telephone lines and pay for the cost of replacing old lines and telephone equipment.

If the people in this State don't care about an honest and efficiently run telephone company and if the PUC doesn't care, then we are going to get exactly that. Verizon profits need to be protected and the PUC needs to allow Verizon to charge higher rates to its wireless competitors. Also, everyone in this State needs to pay their fair share of the cost to run and maintain a telephone company. Residential rates, for example, run about \$35 on the island of Oahu and \$9 on the neighbor islands. Telephone rates need to be standardized and everyone paying their fair share (\$35 per month for a residential telephone).

If I were Verizon and the local PUC refused telephone rate increases, my hands would be tied and I would not be able to operate the local telephone company efficiently and I would be selling at a loss. If a company is being run efficiently and is not profitable, no one else would want to purchase that company, because no one is stupid enough to sink good money into a business just to take a loss!

The Carlyle Group would refuse to pay higher wages and would drastically cut telephone service and fire trustworthy and dependable employees as their salaries go beyond the Carlyle budget. This is not the kind of thing that you, the PUC, would want to see for our local telephone company! Trust, honesty, dependability, and good service come with a price. To hear of continual problems in our local telephone company under Carlyle management certainly does not sit well for the PUC!

I urge the PUC to reject the Carlyle's application and to permit Verizon to charge fairer (higher in some cases) rates.

Yours,



Lester D.K. Chow

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OBJECTIVE:

Executive seeks meaningful, weighty, and responsible position with a major corporate enterprise, anticipating or currently doing business in China or the Far East, in the broad categories of general merchandising, manufacturing, or real estate development; position with a government or private agency in the field of food science, high technology, or agriculture; position with a bank or financial institution.

EMPLOYMENT:

1996-2003 Lester D. K. Chow and Associates, P.O. Box 4604, Honolulu, Hawaii 96812.
Political consultants, government to government conflict resolution specialists (mediators, arbiters, and negotiators), Washington D.C. lobby group and public relations firm.

1974-1984 Executive's Planning Service, 1136 Union Mall, Honolulu, Hawaii 96813.
Involved with the operation of my own business. Life insurance planning and investments--personal, business, and group insurance. During this time, I completed upper division courses in Asian studies and history.

1968-1969 Manufacturer's Representative, 1108 Fort Street, Suite 15, Honolulu, Hawaii 96813.
Two years of combined office management and sales. Gained familiarity and experience in the retail garment industry; manufacturing operations and sales in 1968, 1969, and the early 1970s.

COLLATERAL COURSES:

Marketing, finance, accounting, management, international business management, economics, business law, quantitative analysis and statistics, personnel management, computer science and introduction to data processing, business office procedures, business communication, Asian history, and other liberal arts courses.

EDUCATION:

The University of Hawaii at
Manoa
2530 Dole Street
Honolulu, Hawaii 96822
BusAdm Management

The University of the State of
New York
Cultural Education Center
Albany, New York 12230
B.S. Accountancy program

AFFILIATIONS:

American Management Assn, former member

PERSONAL DATA:

Born in Honolulu, Hawaii
Willing to relocate

REFERENCES:

Furnished upon request